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February 12, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: Cambridge Electric Light Company/Commonwealth Electric Company, D.T.E. 98-13B

Dear Secretary Cottrell:

Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth") (together, the "Companies") are in receipt of the order of the Department of Telecommunications and Energy (the "Department") dated January 28, 2002 (the "Order"), in the above-referenced proceeding. In the Order, the Department has directed the Companies to "include their final fuel charge over-recovery of \$27,303 [Cambridge] and \$100,422 [Commonwealth] respectively, plus outstanding interest, in the form of a credit to the Companies' transition costs in their next transition charge reconciliation filing" (Order at 3).

Please be advised that the Companies already have included their respective final fuel charge balances of \$27,303 and \$100,422, plus outstanding interest, as a credit adjustment to transition costs in the Companies' reconciliation filing made on November 13, 2000 (docket D.T.E. 00-83). The testimony of Bryant K. Robinson in Exhibit CAM/COM-BKR explains the fuel charge over-recovery balances as a credit adjustment to the Companies' transition costs (pages 22 and 24). The schedules supporting Mr. Robinson's testimony show the fuel charge over-recovery balances as adjustments in the calculation of the Companies' Transition Charges (Exhibit CAM-BKR-1, page 5; Exhibit COM-BKR-1, page 5). The identified pages of the referenced Exhibits are attached to this letter. The Companies' reconciliation filing in D.T.E. 00-83 is pending approval by the Department.

Mary L. Cottrell, Secretary
D.T.E. 98-13B
February 12, 2002
Page 2

Accordingly, the Companies have credited their final fuel charge over-recovery balances in the Companies' reconciliation filing, as order by the Department. Therefore, no further adjustment to the Companies' transition costs is required.

If you have any questions in this matter, please contact me.

Sincerely,

John Cope-Flanagan

Attachments

cc: Caroline O'Brien, Hearing Officer
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Joseph Rogers, Assistant Attorney General
Service List, D.T.E. 98-13
Service List, D.T.E. 00-83

1 **Q. Please describe page 5, Other Adjustments.**

2 A. Page 5 reflects the following additional transition charge reconciliation
3 adjustments: (1) a transition charge discount (Column B); (2) a rate design
4 adjustment (Column C); (3) interest on lost revenue (Column D); (4) a generating
5 unit performance program adjustment (Column E); (5) a fuel charge over-
6 recovery adjustment (Column F); (6) a FAS 87 transition obligation adjustment
7 (Column G); (7) an EIS return on investment adjustment (Column H); (8) a
8 mitigation incentive adjustment (Column I); (9) gain on the sale of utility land
9 (Column J); and (10) the Companies' Transition Charge mitigation incentive
10 (Column K). Column L is the sum of Columns B through K.

11 **Q. Please describe the Transition Charge Discount shown in Column B.**

12 A. For 1998, the Transition Charge discount in Column B is required to reflect
13 discounts for certain customer classes (i.e., farm and primary service). The
14 revised method of computing Transition Cost revenues beginning for the year
15 1999 makes this adjustment unnecessary after 1998.

16 **Q. Please describe the Rate Design Adjustment shown in Column C.**

17 A. The Department has established certain rate-design requirements to determine
18 whether companies have complied with the 15 percent rate-reduction mandates of
19 the Act. To comply with those requirements, the Companies have been required
20 to adjust some distribution rates. However, in performing the required
21 adjustments to distribution rates, it was not possible to develop new rates that

1 **Q. Please explain the Fuel Charge Over-Recovery in Column F.**

2 A. The Companies were ordered to return their final fuel charge over-recovery
3 balances to retail customers through line item credits during the billing months of
4 October 1999 through March 2000. D.T.E. 98-13B. Any amounts remaining
5 after these refunds are adjusted through the Companies' Transition Charges. The
6 amount shown in Column F reflects the Companies' reconciliation of the return of
7 these over-recoveries, pursuant to the Department's Order.

8 **Q. Please explain the FAS 87 Transition Obligation Adjustment in Column G.**

9 A. In the Companies' last reconciliation proceeding, D.T.E. 99-90, the Companies
10 inadvertently included amounts for (accrued)/prepaid pension cost (as of
11 December 31, 1998) in error. Column G reflects an adjustment to reflect the
12 proper amount of the Companies' FAS 87 transition obligation (see Record
13 Request DTE-21, D.T.E. 99-90).

14 **Q. Please explain the adjustment for EIS return on investment shown in**
15 **Column H.**

16 A. In D.T.E. 98-78/83-A, the Department approved the Companies' proposal to
17 create Energy Investment Services ("EIS"), which is a special-purpose affiliate
18 that holds and manages the proceeds from the sale of the Canal 1 and 2 generating
19 facilities and makes distributions from its funds to reduce the transition costs of
20 Cambridge and Commonwealth. The amounts shown in Column H reflect a
21 positive adjustment to the forecasted amount of distributions from EIS, as
22 projected in the Companies' last reconciliation filing, D.T.E. 99-90.

Cambridge Electric Light Company Other Adjustments \$ in Thousands

Year	Col. A	Transition Charge Discount	Col. B	Rate Design Adjustment	Col. C	Interest on Revenue	Col. D	GUPP	Col. E	Fuel Charge Over-Recovery	Col. F	FAS 87 Transition Obligation Adjustment	Col. G	EIS Return on Investment Adjustment	Col. H	Mitigation Incentive Adjustment	Col. I	Gain on Sale of Utility Land	Col. J	Transition Charge Mitigation Incentive	Col. K	Total Other Adjustments	Col. L
1998		\$	6	\$	-	\$	195	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	201
1999		-		32	-	-	-	-	-	-	-	(1,162)	-	(18)	-	60	-	-	-	-	284	(804)	
2000		-		-	-	-	-	(1,750)	-	(27)	-	-	-	-	-	10	-	-	-	-	298	(1,469)	
2001		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	261	261	
2002		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253	
2003		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244	244	
2004		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	236	236	
2005		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227	227	
2006		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219	219	
2007		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	210	210	
2008		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	201	201	
2009		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	192	192	
2010		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105	105	
2011		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102	102	
2012		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98	98	
2013		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95	95	
2014		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91	91	
2015		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87	87	
2016		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84	84	
2017		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81	81	
2018		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77	77	
2019		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74	74	
2020		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70	70	
2021		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	67	
2022		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	64	
2023		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	60	
2024		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56	56	
2025		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52	52	
2026		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47	47	

Commonwealth Electric Company Other Adjustments \$ in Thousands

Year	Col. A	Transition Charge Discount	Col. B	Rate Design Adjustment	Col. C	Interest on Lost Revenue	Col. D	Col. E	GUPP	Col. F	Fuel Charge Over-Recovery	Col. G	FAS 87 Transition Obligation Adjustment	Col. H	EIS Return on Investment Adjustment	Col. I	Mitigation Incentive Adjustment	Col. J	Gain on Sale of Utility Land	Col. K	Transition Charge Mitigation Incentive	Col. L	Total Other Adjustments
1998		\$	569	\$	-	\$	208	\$	-	\$	-	\$	(333)	-	\$	-	\$	(368)	\$	-	\$	-	409
1999		-	-	277	-	-	-	-	-	-	-	(113)	-	(411)	-	(113)	-	(1)	-	1,608	-	1,027	
2000		-	-	62	-	-	-	(750)	-	(100)	-	10	-	-	-	10	-	-	-	1,194	-	416	
2001		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,451	-	1,451	
2002		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,257	-	1,257	
2003		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,321	-	1,321	
2004		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,588	-	1,588	
2005		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,849	-	1,849	
2006		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,731	-	1,731	
2007		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,806	-	1,806	
2008		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,656	-	1,656	
2009		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,782	-	1,782	
2010		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,446	-	1,446	
2011		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,055	-	1,055	
2012		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	884	-	884	
2013		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	381	-	381	
2014		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	366	-	366	
2015		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	351	-	351	
2016		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	339	-	339	
2017		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325	-	325	
2018		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	309	-	309	
2019		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298	-	298	
2020		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	283	-	283	
2021		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	267	-	267	
2022		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	257	-	257	
2023		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241	-	241	
2024		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223	-	223	
2025		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209	-	209	
2026		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190	-	190	

Note: 1998 and 1999 are actuals. 2000 is forecast using 8 month actuals and 4 month estimates.
Col. K: See Page 11, Column E.

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Cambridge Electric Light Company)
Commonwealth Electric Company)

D.T.E. 00-83

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing in accordance with the Department rules.



John Cope-Flanagan
Attorney for
NSTAR Electric & Gas Corporation
800 Boylston St., Floor 17
Boston, MA 02199

DATED: February 12, 2002

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DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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